

VZCZCXRO4383
RR RUEHAG RUEHDF RUEHIK RUEHLZ RUEHROV
DE RUEHMD #0312/01 0530834
ZNR UUUUU ZZH
R 220834Z FEB 07
FM AMEMBASSY MADRID
TO RUEHC/SECSTATE WASHDC 1902
INFO RUCNMEM/EU MEMBER STATES COLLECTIVE
RUEHLA/AMCONSUL BARCELONA 2457

UNCLAS SECTION 01 OF 02 MADRID 000312

SIPDIS

SENSITIVE
SIPDIS

EUR/WE

E.O. 12958: N/A
TAGS: [EAGR](#) [EAID](#) [EAIR](#) [ECON](#) [EFIN](#) [ENRG](#) [ETRD](#) [SENV](#) [TBIO](#)
SP, EINV, UK
SUBJECT: MADRID WEEKLY ECON/AG/COMMERCIAL UPDATE REPORT

MADRID 00000312 001.2 OF 002

EFIN: Peseta vs. Euro
EMIG/EFIN: Immigrants send 3.2 billion home
EAGR, BEXP: U.S. Farm Bill proposal under study
EAGR: U.S. Almonds must be inspected for Aflatoxin
SOCI/TBIO: Avian Influenza readiness
ENRG, ECON, KIPR: Ambassador's meeting with Economic Advisor

SURVEY SAYS...PESETA OVER EURO

¶11. (U) A Financial Times survey shows over two thirds of Spaniards would like a return to the peseta: The FT also found similar majorities against the euro in France and Italy, but a smaller majority opposed to the euro in Germany. Majorities in all these countries thought the euro was good for Europe, but not for their country. (Comment: In Spain, opinion is mixed about the euro. Many people understand that euro membership has allowed for historically low interest rates, and hence a very long real estate boom benefiting people who bought three or four years ago. On the other hand, the popular perception is that adoption of the euro allowed for a steep one-off increase in real prices, for instance in the cost of a glass of beer or cup of coffee -- not a trivial perception to a bar and cafe- frequenting people like the Spaniards.) (ABC, 1/30/07)

SPAIN BEATS GERMANY AS IMMIGRANTS TOP REMITTANCE LIST

¶12. (U) EU Report shows Spanish immigrants at the top of the EU remittance league: According to an EU survey, Spanish immigrants sent about Euros 3.2 billion back to their home countries in 2004. The runner up was Germany where immigrants sent a little over Euros 2 billion back. (Note: 2005 was, according to press reports, the first year remittances flowing out of Spain topped remittances flowing into Spain. This change reflects the switch in Spain from a country of emigration to a country of immigration. End note.) (ABC, 1/30/07)

SPAIN PLEAS NO COMMENT ON U.S. FARM BILL

¶13. (U) The Bush Administration's proposal to "modernize" the U.S. Farm Bill was greeted with some consternation by European Commission officials and representatives of some European Union producer groups, but on the Iberian Peninsula, there has been no, absolutely no reaction. Spanish and Portuguese Government officials indicate that they will not likely make any public pronouncements even after they are finished evaluating the proposal. Spanish agricultural advocacy groups have also refrained from comment, again while they study the proposal.

AFLATOXIN INSPECTION FOR U.S. ALMONDS

¶ 14. (U) The European Commission (EC) will soon announce that 100 percent of U.S. almonds shipped to Europe must be inspected for aflatoxin unless exported under the California Voluntary Aflatoxin Sampling Program (VASP). Only five percent of VASP shipments will need to be inspected.

Government of Spain's Health Ministry (MOH) believes that it is prepared to comply with the expected EC directive, but MOH officials also expect that most U.S. almond shippers will sign up under VASP, thus drastically reducing the need for inspections.

¶ 15. (U) Embassy Madrid recommended to FAS/Washington that USDA/FAS/Madrid needs to be very forthcoming with MOH regarding U.S. almond exporter intention and ability to sign and export up under VASP. To the extent possible, we will be working with USDA/FAS/Washington and the California Almond Board to identify the potential number of almond containers MOH will need to inspect during the very busy export months of August, September, October, and November, so that the potential delays will be minimized.

SPAIN USES UK BIRD FLU OUTBREAK TO REITERATE ITS AVIAN INFLUENZA READINESS

¶ 16. (U) Spain convened its "Inter-Ministerial Avian Influenza Tracking/Information Commission" on February 5, in the aftermath of the Bird Flu outbreak in the Holton, United Kingdom. Following the meeting, the Commission announced that Spain would keep all its protective measures in place. The Commission noted that the fact that Spain has had only one infected bird (found in July 2006 in the Basque Region) demonstrates the efficiency of both Spain's Avian Influenza Vigilance Plan for Domestic and Wild Birds, as well as Spain's overall Veterinary Alert System. The Commission

MADRID 00000312 002.2 OF 002

also reiterated that Spain's Avian Influenza Preparation and Response Plan has implemented all EU and WHO recommendations.

Finally, the Commission noted that Spain's Avian Influenza planning had been reviewed in October 2006 by the European Center for Disease Control and that the results of the review were "very positive." The Commission's communique ended by reiterating the now standard Spanish position that the risk of a human-to-human outbreak of Bird Flu "has not changed and continues to be extraordinarily low."

AMBASSADOR'S 2/15/07 MEETING WITH PRESIDENT ZAPATERO'S ECONOMIC ADVISOR DAVID TAGUAS

¶ 17. (U) Taguas asked to meet with the Ambassador informally at the Residence. Both agreed to consult with the Spanish and U.S. business communities regarding the AmCham's proposal to change the U.S.-Spain double taxation treaty. Taguas said the tax authorities would continue to look into some inspections AmCham had complained about. Visiting GE CEO Jeff Imelt had agreed with President Zapatero to participate in a carbon sequestration project. Taguas and Ambassador agreed to coordinate further on the June 22-24 U.S.-Spain Council meeting in Salamanca. Taguas talked about arranging a June 26 Energy Seminar focused on renewables. He said President Zapatero might attend. The Ambassador said if the choice was between the U.S.-Spain Council meeting and the energy seminar, we prefer President Zapatero to attend the Council meeting. Taguas said President Zapatero is committed to the 220 meter biotech coexistence requirement but said he would talk to Environment Minister Narbona to see if this could be modified. The Economic Advisor said it was his impression that Prime Minister Blair is very committed to addressing global warming with the Germans and French less enthusiastic. Taguas said he would try to set up a meeting (probably in connection with the U.S.-Spain Council meeting) to discuss ways in which American firms can compete for public sector construction projects in Spain. Ambassador and

Taguas talked about making rail transportation in Spain more consistent with European standards. The Ambassador noted that the Canaries might be an interesting place for pharmaceutical companies to invest in because of the favorable tax regime there. Taguas talked a great deal about health care challenges in Europe. (Comment: Taguas clearly wants to have good relations with us, but we are skeptical his office can deliver on hard issues. Our sense is that he and his team are reluctant to take on Ministries on controversial topics. Nonetheless, Taguas is a worthwhile interlocutor because of his proximity and access to President Zapatero.)

¶ 8. (U) Health Ministry shows signs of slightly more flexibility on pharmaceutical patent issue: Econ heard in a 2/15/07 lunch with Moncloa Economic Office staff that Health Minister Salgado might be willing to be more flexible on the issue of providing product patent protection for a number of drugs (as a practical matter, for the most part a number of the "blockbuster" drugs used to control cholesterol) that currently only benefit from process patent protection in Spain. EconOff confirmed this in a 2/16/07 telcon with Pfizer Spain CEO. (Comment: If true, this would be good news, but the GOS has still not developed the mechanism whereby such additional protection would be granted. We cannot therefore declare victory yet.)

AGUIRRE